

INFORMATION REPORT

CD NO.

COUNTRY China/Korea

SUBJECT Smuggling Trade at Shihtao

PLACE 25X1A6a

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SUPPLEMENT TO
REPORT NO.

1. During 1949, the Chinese Communists welcomed any type of smuggling trade to Shihtao (122-25, 36-53), and the port was frequented by vessels from both North and South Korea. Since the beginning of 1950, however, a change has occurred in the Communist attitude. Trading vessels are still welcomed, but the crews are not, as formerly, allowed to come ashore. The cargos of the smuggling vessels are taken over by the Communists, who assume full responsibility for selling the goods and paying the shippers, and who also supply a barter cargo in exchange.
2. This change of Communist attitude is believed by Korean smugglers to be a precaution taken during the construction of secret underground installations at Shihtao. In November 1949, about 1,000 Chinese Nationalist war prisoners were transferred to Shihtao from Tsingtao, and work was begun on the installations.
3. Supplies of food and materials (type and amount unspecified) and of ammunition for military units in the area arrive at Shihtao once or twice a week in transport ships from Dairen and Yingkou (122-13, 40-40).

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Comment. According to previous reports of smuggling between Korea and China, crews of Korean vessels were allowed to land, had considerable freedom of movement in the town and vicinity, and, although subjected to a fairly strict examination upon arrival, were not under surveillance when ashore. The handling of trade goods has been consistently managed through Communist authorities and through special arrangements with Communist firms. See [REDACTED]

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